

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Regarding Policies,  
Procedures and Rules for Development of  
Distribution Resources Plans Pursuant to Public  
Utilities Code Section 769.

Rulemaking 14-08-013  
(Filed August 14, 2014)

**OPENING COMMENTS OF  
WAL-MART STORES, INC. AND SAM'S WEST, INC.  
ON DRAFT GUIDANCE**

Gregory S. G. Klatt  
DOUGLASS & LIDDELL, A.P.C.  
21700 Oxnard Drive, Suite 1030  
Woodland Hills, California 91367  
Telephone: (818) 961-3002  
Facsimile: (818) 961-3004  
Email: [klatt@energyattorney.com](mailto:klatt@energyattorney.com)

Attorneys for  
**WAL-MART STORES, INC. AND SAM'S WEST, INC.**

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In accordance with Commissioner Michael Picker's November 17, 2014 *Assigned Commissioner's Ruling Re Draft Guidance for Use in Utility AB 327 (2013) Section 769 Distribution Resource Plans* ("Assigned Commissioner's Ruling"), Wal-Mart Stores, Inc. and Sam's West, Inc. (hereinafter collectively referred to as "Walmart") submit these comments on the draft Distribution Resource Plan Guidance ("Draft Guidance") attached to the ACR.<sup>1</sup>

**I. INTRODUCTION**

Assembly Bill 327 (Stats. 2013, ch. 611) added Section 769 to the Public Utilities Code. Section 769 concerns the distribution system planning of California's investor-owned electric utilities ("IOUs"). Specifically, Section 769 requires each IOU to submit to the Commission, on

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<sup>1</sup> The Assigned Commissioner's Ruling set December 5, 2014 as the due date for comments on the Draft Guidance. However, the due date was extended to December 12, 2014 in Administrative Law Judge Timothy J. Sullivan's November 26, 2014 *Email Ruling Granting Motion of SCE, SDG&E and PG&E for Extension of Time for Filing Comments Granted; Comments on Distribution Resource Plan Now Due December 12, 2014*. Walmart's comments are therefore timely submitted.

or before July 1, 2015, a proposed plan to identify optimal locations for the deployment of distributed energy resources (“DERs”).<sup>2</sup>

On August 14, 2014, the Commission issued an order opening this rulemaking to establish policies, procedures and rules for the IOUs’ development of their DRP proposals. The Commission’s order solicited comments in response to 16 questions concerning: (1) the types of guidance the Commission should provide to the IOUs with respect to their DRP proposals; and (2) a white paper prepared by Paul DeMartini, Managing Director of Northpoint Energy Advisors LLC, entitled “More Than Smart: A Framework to Make the Distribution Grid More Open, Efficient and Resilient.” Over 30 parties, including Walmart, submitted comments in response to the 16 questions and the “More Than Smart” paper. The Commission’s Energy Division held a workshop on September 17, 2014 to discuss parties’ comments. Over the next two months, Commissioner Picker, in collaboration with the Energy Division, developed a draft Distribution Resource Plan Guidance (“Draft Guidance”) document, which was issued for comment as an attachment to the November 17 Assigned Commissioner’s Ruling.

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<sup>2</sup> Section 769 (a) defines “distributed resources” (also commonly referred to as “distributed energy resources”) as renewable generation resources, energy efficiency, energy storage, electric vehicles, and demand response technologies. Section 769(b) specifies that each IOU’s DRP proposal should:

- 1) Evaluate locational benefits and costs of distributed resources, including reductions/increases in local generation capacity needs, avoided/increased investments in distribution infrastructure, safety benefits, reliability benefits, and any other electric grid/ratepayer savings or costs;
- 2) Propose or identify standard tariffs, contracts, or other mechanisms for the deployment of cost-effective distributed resources that satisfy distribution planning objectives;
- 3) Propose cost-effective methods of effectively coordinating existing Commission-approved programs, incentives, and tariffs to maximize the locational benefits and minimize the incremental costs of distributed resources; and
- 4) Identify any additional IOU spending necessary to integrate cost-effective distributed resources into distribution planning consistent with the goal of yielding net benefits to ratepayers.

Walmart is in general agreement with both the scope of the Draft Guidance and the particular requirements for the IOU's DRP proposals set forth therein. Below are Walmart's comments on the Draft Guidance.

## **II. COMMENTS**

### **A. The "New Framework for Distribution Planning" outlined in Part 1 of the Draft Guidance comports with Section 769 and is consistent with Walmart's recommendations.**

Walmart believes that the "New Framework for Distribution Planning" outlined in Part 1 of the Draft Guidance closely comports with the overarching intent and specific requirements of Section 769. Walmart supports the Draft Guidance's stated intent that, in addition to the express requirements of Section 769, the IOUs' DRPs should reflect the parallel goals of:

- 1) Modernizing the electric distribution system to accommodate two-way flows of energy and energy services throughout the IOUs' networks (and the CAISO system);
- 2) Enabling customer choice of new technologies and services that reduce greenhouse gas emissions and improve reliability in a cost efficient manner; and;
- 3) Animating opportunities for customers to realize increased DER benefits through the provision of grid services.

Walmart also generally supports the following policies and recommendations summarized in Part 1 of the Draft Guidance:

- The processes for interconnecting to the distribution grid need to be dramatically streamlined and simplified in order to create a system where high penetrations of DER can be integrated seamlessly.
- All stakeholders need to work cooperatively to revise existing incentives and tariffs to promote DER in locations that will provide the greatest net benefits to the grid. However, as Walmart stressed in its previous comments, any such incentives or tariffs must not give rise to adverse impacts, whether financial or otherwise, on a customer's choice of where to locate on-site renewable generation.
- The new proposed method of Distribution Planning should be an on-going, cyclical process that will repeat over time to incorporate how technologies and

market policies are evolving and to take advantage of lessons learned in previous cycles.

- In two to three years, the Distribution Planning process will move beyond questions like how to quantify and operationalize the locational value of DERs, towards a focus on the relationship between the IOUs, consumers, third-party DERs providers and the California Independent Systems Operator (“CAISO”).

Walmart looks forward to working with the Commission and other stakeholders to implement these recommendations and achieve these policy goals.

**B. The Commission must not lose sight of stated goal of facilitating the integration of DERs with wholesale markets and working with the CAISO and other agencies to achieve that outcome.**

Part 2 of Draft Guidance describes the jurisdictional scope of this proceeding as follows:

The scope of this guidance encompasses the “distribution system” [and] it is assumed in this proceeding that DER will mostly be interconnected at the distribution voltage levels (4kV – 16kV or lower) and at sizes of 20 MW or less.

It is very important, however, that the Commission move forward as expeditiously as possible with efforts to promote the integration of DERs with the CAISO’s wholesale markets. As recognized elsewhere in the Draft Guidance, such integration is critical for customers to realize increased benefits—for example, through the provision of grid services—from their existing and future DER deployments. Walmart thus suggests one important modification to the following statement of intent appearing in Part 3 of the Draft Guidance:

There is a tension between the desires of DER technology providers and enablers to fully participate in energy service markets beyond provision of energy to residential and commercial customers or utilities, and limits on the current structures to allow full participation in such markets (or those that can be developed in the future). This Rulemaking, and the DRPs that result, cannot resolve these issues at this time, but ~~may~~ **will** represent the first steps toward creation of a new industry model for full and interactive integration of DERs at a level previously unimagined. Coordination among agencies and industry players will be key to success.

### **III. CONCLUSION**

Walmart appreciates the opportunity to submit these comments on the Draft Guidance, and looks forward to working with the Commission and other stakeholders to implement the policy goals and implementation recommendations reflected therein.

Respectfully submitted,



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Gregory S. G. Klatt  
DOUGLASS & LIDDELL, A.P.C.  
21700 Oxnard Drive, Suite 1030  
Woodland Hills, California 91367  
Telephone: (818) 961-3002  
Facsimile: (818) 961-3004  
Email: [klatt@energyattorney.com](mailto:klatt@energyattorney.com)

Attorneys for  
**WAL-MART STORES, INC. AND SAM'S WEST, INC.**

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